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E.O. 12958: N/A

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SUBJECT: RESOURCE WEALTHY JHARKHAND FACES INSTABILITY AND RISING  
MAOIST INFLUENCE AS GOVERNMENT REMAINS WEAK

1: (SBU) Summary: On November 13-14 Poloff visited the capital of India's youngest state Ranchi, Jharkhand. After a rapid succession of 5 governments in the last 6 years, newly-installed Chief Minister Madhu Koda leads a fragile coalition government that will likely last no more than six months. Jharkhand is rich in resources but plagued by lack of development and poverty, particularly among its tribal population. Displacement of tribals from traditional landholdings for industrialization and development has spawned controversy and a tribal resistance movement that has rendered many areas susceptible to Maoist influence. Eighteen of Jharkhand's 22 districts are already affected by various levels of Maoist activity. With an unstable government unable to make decisions, Jharkhand is falling behind as India pushes for double-digit growth rates. End Summary.

#### Introduction

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12. (U) Following nearly a century of agitation by tribal groups demanding a separate state, Jharkhand was carved out of mineral-rich southern Bihar on November 15, 2000. The state has a population of 26.9 million and extends over 79,714 square kilometers. With West Bengal in the East, Orissa to the South, Chhattisgarh and Uttar Pradesh to the West and Bihar to the North, this fledgling state has a 27 per cent tribal population (consisting of 32 tribes) who mostly live in abject poverty without basic amenities. 54 percent of Jharkhand's population lives below the poverty line in spite of the state's huge mineral (coal, iron, copper, bauxite) and forest resources that account for 38 percent of India's total natural resources. Key industries in Jharkhand include steel, coal, aluminum, uranium, iron ore and bauxite, with two major manufacturing centers at Jamshedpur and Bokaro. At the time of its formation, Jharkhand had the rare distinction of being an Indian state with a budget surplus. However, administrative mismanagement and corruption have lead to a budget deficit.

#### Political games

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13. (U) With 5 governments in the last 6 years, political instability has plagued Jharkhand since its inception, and electoral politics has turned into a mere "numbers game."

Jharkhand has 14 members in the Lok Sabha, and 81 elected representatives in its state legislature. In 2000, the Bharatiya Janta Party (BJP) formed Jharkhand's first government with tribal leader Babulal Marandi as Chief Minister, but he was replaced mid-term by fellow party member Arjun Munda. More recently in March 2005, Jharkhand Mukti Morcha (JMM) leader Shibu Soren took over as CM. He lasted 10 days. Once again, Munda took over but his government was toppled in September 2006 by the defection of three Independent legislators (reftel). Madhu Koda, the Independent who replaced Munda as CM currently governs the state with a fragile coalition that has only 2 more legislators than the opposition. His government enjoys the "outside support" of the Congress party, the JMM, and the regional party Rashtriya Janta Dal (RJD).

14. (SBU) During Poloff's November 13-14 visit to the state capital, Ranchi, the current coalition was seen as "shaky." Former Director General of Police R.R. Prasad said that Koda's focus is to "keep an eye on the 42nd legislator" to ensure he does not desert the governing coalition and topple the government. Current Director General of Police J. Mahapatra noted that the Koda has to consult the RJD or the JMM leadership before making even minor decisions. BJP Spokesperson R. Pushkar proclaimed that his party is preparing for new elections in the next six months.

15. (SBU) Tellingly, RJD State President G. Rana observed that Babulal Marandi, who broke away from the BJP and now heads his own unregistered party, the Jharkhand Vikas Morcha (JVM), is actually the most popular political leader in the state as proved by his 194,000-vote victory in the recent Lok Sabha by-election in the Koderma district. Marandi won votes not only from his usual supporters, the tribals, but from a cross-section of non-tribal communities like the Yadavs and Muslims. He

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campaigned on an anti-BJP platform, accusing his former party of corruption and lack of a vision for development in the state. (Comment: Marandi's overwhelming win could cause further political destabilization as members from the BJP may desert their party and join him. Marandi, himself, predicts that Jharkhand will eventually see the dominance of one national and one regional party, implying that the Congress and the JVM will be the survivors of the current multi-party battle. One political observer told Poloff that the RJD and JVM will likely form an alliance. Therefore the BJP's position in the state is likely to deteriorate. End Comment.)

Left extremism

16. (SBU) Jharkhand is part of the "red corridor" of Maoist activity stretching from Bihar to Andhra Pradesh. Eighteen of Jharkhand's 22 districts, primarily the tribal-inhabited forest areas, are affected by Maoist activity. In some areas the Maoists run parallel governments in what have become "no-go zones" for state security and government officials. Home Secretary J.B. Tubid estimated the total number of Maoist

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workers at about 2,000, with the number of hardcore elements ranging between 300-500. Others put the number higher at approximately 3000 members.

17. (SBU) The primary factor underlying the Maoists' presence in the state is neglect by state administration and a deep-rooted feeling among tribal groups of alienation from the government. Police DG Prasad pointed out that prior to Jharkhand's formation, the government of Bihar deprived southern Bihar (now Jharkhand) of development funds for decades. Basic amenities like drinking water and electricity were scarce. The state suffers from that legacy even now and people in the tribal districts have a natural dislike and apathy for the government. Prasad also said that there is no central leadership or organization of the Maoists in the state. According to him (and

corroborated by Home Secretary Tubid), Maoist leaders are based in neighboring West Bengal and Orissa, and meet from time to time. A level of competitive militancy exists among some of Jharkhand's Maoists who belong to different social groups such as the Yadav and Ganju clans. Officials have not seen much evidence that the local Maoists work in coordination with Maoists in Nepal.

¶8. (SBU) In Jharkhand the Maoists' main targets are security personnel who are either not allowed into Maoist territory, or are "entrapped" into entering and then killed before they can leave the area. However, some politicians also maintain links with Maoists who are able to "influence" electoral decisions. Maoists raise funds by extortion and levies on contractors operating in their areas. Another source of income is trade in locally grown ganja or opium. In some pockets, local officials survive by paying the Maoists protection money and negotiating with them unofficially for peaceful coexistence.

#### Tribal displacement

¶9. (SBU) During Munda's tenure as Chief Minister, 53 Memoranda of Understanding were signed with private companies including steel barons like Mittal, Jindal and Tata. This has given rise to tribal grievances on the issue of displacement from their traditional landholdings. Impoverished as they are, the tribals feel that their only source of identity and livelihood - land - is threatened by the government's new policies. Tribal organizations like the Jharkhand Janadhikar Manch are struggling to safeguard existing rights under the Chhotanagpur Tenancy Act and the Santhal Parganas Tenancy Act which provide safeguards against land transfers. According to tribal leaders, the state's tenancy laws stipulate that tribal land is inalienable, yet already thousands of them have been dispossessed. Tribal leader Ratan Tirkey told Poloff that the government intends to overturn the provisions in these acts to enable greater industrialization and urbanization. In fact, the Panchayati Raj (local self-governance) Act which advocates community participation in governance and development has been ignored -

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Jharkhand has had not Panchayat elections since its formation.

¶10. (SBU) Another point of contention is over the Land Acquisition Act (LAA), a colonial era law that gives sweeping powers to the state in matters of land purchases. The government officials and industrialists we spoke with believe that the LAA permits the government to "acquire" land, even tribal property irrespective of the two tenancy acts, and irrespective of the Indian Constitution which contains specific provisions protecting tribal rights. Home Secretary Tubid, a tribal himself, said that only tribal land is being allotted for industries. (Comment: The continuing dominance of some colonial era laws cripples the implementation of legislation that protects tribal property. Contradictions between different laws and policies, and their varied interpretation by courts and politicians, have complicated the situation. Moreover, there is no suitable resettlement and rehabilitation policy in place. A conservative estimate puts the total number of displaced people in Jharkhand between 1951 and 1995 is about 1.5 million. However, one tribal leader observed that at least 10 million in the region have been displaced since India's independence. End Comment.)

¶11. (SBU) Comment: At the time of the state's formation, a spirit of optimism prevailed amongst Jharkhand's population. Today, Jharkhand's government teeters on the brink of collapse, as political parties jostle for power and political alliances come and go. In our estimate, the current government is unlikely to last more than 6 months. Jharkhand will fall further behind the rest of India until strong leadership can bring all parties, including tribal groups, to the table or at least backing a common agenda for the state. With political upheavals and corruption becoming the order of the day, most

contacts did not appear hopeful for significant progress the near future. However, Jharkhand's natural resources sustain business' interest in the state with hopes of tapping the great wealth beneath the state's surface.

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